

## A Midsummer Pipe Dream

MANY ECONOMISTS in both the public and private sectors of society are beginning to espouse restrictions on both physicians and patients as a means of reducing the cost of health care. Since these restrictions on doctors and patients can reduce costs only by curtailing the quality or quantity of services or both, this approach seems a curiously illogical way to move toward the real objective, which everyone agrees should be to increase rather than restrict the quality, quantity and economic efficiency of these services. There must be some better alternative.

The American economy as a whole has a remarkable record of achievement and has produced undreamed of quality, quantity and economic efficiency in business and industry. Its success was built upon incentives, incentives of recognition and reward, incentives of profit. And it was these incentives that produced the results. Restrictions were generally applied only when there was interference with fair competition or with the general good of the populace. Restrictions tend to restrain rather than encourage growth. The national goals for health clearly will require an as yet undreamed of growth in quality, quantity and economic efficiency in every aspect of the production, marketing and delivering of health care services. The parallel of what needs to be done in health care and what has been accomplished in American industry as a whole is impressive. One wonders if the incentives which have been so successful in business and industry could not somehow be made to work better in health care.

Perhaps the time has come to re-examine the national approach to the economics of health care. The traditional idea of medical care as a form of charity is rapidly passing from the scene, and the non-profit approach, which was actually born of charity medicine, seems somehow to lack either the incentive or the ability to meet today's needs for quality or efficiency, although it has generally done well with quality. Government-operated health care programs both here and abroad have proved to be notoriously wasteful and usually subject to a kind of creeping bureaucratic paralysis. From even a cursory examination it would seem that what is lacking and what is needed is to find a way to unleash the enormous energy and resources of the private sector of the American economy and bring these to bear upon the present and as yet undreamed of needs for more quality, more quantity and more efficiency in health care.

To do this would require an almost complete reversal of the present government and public attitudes toward profit in health education and health care. At first this may seem an horrendous suggestion, but perhaps it is not. It may even prove to be a necessary consequence of the demise of the charity approach with all its manifestations in medical care, and the evident inability of government programs to find real solutions to the problems created by the new national expectations for more and better services for more people. There is an interesting and perhaps pertinent precedent in the oil industry, which was encouraged through tax incentives to increase the quality, quantity and efficiency of oil production in order to meet a tremendously rapidly growing national need for oil and oil products. Could it be that here might be found not only the precedent but also the incentive which would provide a better alternative to restriction and restraint in health care, and could it be that the American public and the American government might be persuaded to encourage the American economy by such a device to apply its full energy and resources to finding answers to this national problem which is in urgent need of a better solution?